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OF COUNSEL:  
VINCENT T. EARLY  
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THOMPSON BENNETT

JOSEPH J. BURGH  
1926-1992

*M. J. ... TX*

\*Also admitted in Iowa  
\*\*Also admitted in California and North Carolina  
\*\*\* Also admitted in New York, Illinois, and Washington, D.C.

September 22, 1997

Mr. Walter D'Haeseleer  
Director, Division of Communications  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0688

Re: ATLAS COMMUNICATIONS, LTD.

Dear Mr. D'Haeseleer:

Enclosed herewith for filing with the Commission, please find an original and 6 (six) copies of the above captioned corporation's APPLICATION FOR AUTHORITY TO PROVIDE LOCAL TELECOMMUNICATIONS SERVICES STATEWIDE, along with a check in the amount of \$250.00 to cover filing fees relating to same.

Also enclosed is an exact duplicate of this letter. Please stamp the duplicate received and return same in the self-addressed stamped envelope attached thereto.

Please contact me if you have additional questions or concerns.

Very truly yours,

EARLY, LENNON, PETERS & CROCKER, P.C.

Patrick D. Crocker  
PDC/dt

Check received with filing and forwarded to Fiscal for deposit. Fiscal to forward a copy of check to RAR with proof of deposit.  
Initials of person who forwarded check  
*A.J.*

RECEIVED & FILED

FLORIDA BUREAU OF RECORDS

DOCUMENT NUMBER-DATE  
09708 SEP 24 6  
FPSC RECORDS/REPORTING

BEFORE THE  
STATE OF FLORIDA  
PUBLIC SERVICE COMMISSION

ORIGINAL

Application of Atlas Communications, )  
Ltd. for Authority to Provide Local )  
Telecommunications Service Statewide )

APPLICATION

Patrick D. Crocker  
Early, Lennon, Peters & Crocker, P.C.  
900 Comerica Building  
Kalamazoo, MI 49007  
(616) 381-8844

DOCUMENT NUMBER DATE

69708 SEP 24 6

FPSC-RECORDS/REPORTING

**BEFORE THE  
STATE OF FLORIDA  
PUBLIC SERVICE COMMISSION**

Application of Atlas Communications,                    )  
Ltd. for Authority to Provide Local                    )  
Telecommunications Service Statewide                )

**APPLICATION**

Atlas Communications, Ltd. ("Applicant"), by its attorney, respectfully requests that the Florida Public Service Commission ("Commission") grant it authority to provide local switched and dedicated telecommunications services to the public statewide. Specifically, Applicant requests that the Commission allow it to provide private line, special access and competitive local switched services throughout the State of Florida.

Applicant urges the Commission to continue to move toward full-fledged competition in the market for local telecommunications services in Florida. As the Commission has recognized, competition promotes the public interest by reducing costs, increasing efficiency, stimulating innovation and expanding the variety of products and services offered to consumers.

In support of its Application, Applicant provides the following information:

***I. The Applicant***

Applicant is incorporated under the laws of the State of Pennsylvania. Applicant maintains its headquarters at 482 Norristown Road, Blue Bell, Pennsylvania 19422. A copy of Applicant's Articles of Incorporation is attached hereto as Exhibit A. Applicant is qualified to do business in Florida as a foreign corporation. A copy of Applicant's Certificate of Qualification is attached hereto as Exhibit B.

## *II. Designated Contacts*

All correspondence, notices and inquiries regarding this Application should be addressed to:

Patrick D. Crocker  
Early, Lennon, Peters & Crocker, P.C.  
900 Comerica Building  
Kalamazoo, MI 49007  
(616) 381-8844  
(616) 349-8525 - fax

## *III. Request for Authority to Provide Private Line and Special Access Services*

Applicant respectfully requests that the Commission grant it authority to provide private line and special access services within Florida. Applicant proposes to provide point to point high capacity non-switched interconnections, including interconnection between: (1) points-of-presence ("POP") of the same interexchange carrier ("IXC"); (2) POPs of different IXCs, (3) large business and government end-users and their selected IXCs, (4) a POP and a local exchange carrier ("LECL") central office or two LEC central offices; and (5) different locations of business or government customers.

Specifically, Applicant proposes to offer the following dedicated services:

- *Special Access Services* that provide a link between an end-user location and the POP of its IXC, or links between INC POPs.
  - *Switched Transport Services* that are offered to IXCs that have large volumes of long distance traffic aggregated by a LEC switch at a central office where the CAP has collocated its network. Applicant will provide dedicated facilities for transporting these aggregated volumes of long distance traffic from the LEC central office to its POP or between LEC central offices
  - *Private Line Services* that provide dedicated facilities between two end-user locations in the same metropolitan area (e.g., a central banking facility and a branch office or a manufacturing facility and its remote data procession center).

#### *IV. Request for Authority to Provide Switched IntraLATA Intrastate Telecommunications Services*

In addition, Applicant also seeks authority to provide switched intraLATA intrastate telecommunications services to the public on a statewide basis both through the use of their own facilities and by reselling local services obtained from other LECs. Applicant intends to operate as a competitive local exchange carrier ("CLEC") offering a variety of dedicated and switched services. The Applicant seeks authority to provide local switched services such as:

- *"Plain Old Telephone Service"* -- originating and terminating local calls;
- *Switched Access Service* -- originating and terminating traffic between a customer premise and an IXC POP via shared local trunks using a local switch;
- *PBX Trunking* -- carrying switched traffic between the Applicant's switch and the customer's PBX.

#### *V. Description and Fitness of the Applicant*

Applicant is well-qualified to provide the services for which authority is requested in this Application. Applicant is a successful long distance company offering 1+, in-WATS, out-WATS, and Calling Card services throughout the United States.

Applicant is managed by a team of well qualified officers and directors who have extensive experience in the telecommunications industry. Applicant's officers and directors are attached hereto as Exhibit C.

Applicant has the financial resources to provide the services herein requested and attaches a copy of Applicant's most recent financial statements as Exhibit D.

#### *VI. Network Description*

Applicant will operate initially as a non-facilities based carrier of local telecommunications services. Notwithstanding, the Applicant intends to construct a network using self-healing fiber optic ring topology. High capacity backbone routes will be built connecting the interexchange

carriers and high volume telecommunications users in Florida. The network will then extend distribution rings from the backbone to reach end-user buildings not on the initial ring. The fiber network will also be connected to the local telephone company to facilitate interconnection with its networks.

The Applicant's system will provide state-of-the-art fiber optic clarity, speed, diversity of access, and virtually complete reliability of service, with automatic stand-by and rerouting in the event of a system failure. The network will be designed to provide at least two completely diverse routes, offering customers access to telecommunications services in the event of a fiber cable cut. If a system failure occurs, service would be restored automatically within less than 50 milliseconds, without any detectable service interruption to the end-user. The network will also provide backup for customers in the event of a failure or diverse in the local telephone company's system.

The Applicant's prospective network will utilize single mode fiber optic cable. State-of-the-art DDM 2000 SONET ring multiplexers will be deployed at IXC, Bell and end-user customer locations. Hub sites will be built on the network as well. The system will be constantly monitored by sophisticated network management equipment for transmission error or deterioration in service.

#### ***VII. Proposed Tariffs***

Applicant is unable to file a tariff containing actual rates and charges. Upon completion of negotiations with the incumbent LECs and prior to the commencement of service, Applicant will file a proposed tariff containing its rates, terms, and conditions of service with the Commission for its review.

*VIII. Public Interest*

A decision by the Commission granting Applicant authority to provide the local telecommunications services described herein is in the public interest. Permitting the Applicant to provide the services described in this Application will expand service options and increase competition in Florida without any adverse impact on the Commission's goals of universal service and affordable local service for individual customers. Approval will lead directly to substantial additional private investment in Florida's telecommunications infrastructure and promote consumer choice by expanding the availability of innovative, high quality reliable and competitively-priced telecommunications services. Approval also is likely to cause other local telecommunications providers to improve their existing services, become more efficient and introduce service innovations of their own.

WHEREFORE, Applicant respectfully requests that the Commission grant it authority to transact the business of a provider of switched and dedicated local telecommunications services within the State of Florida.

Respectfully submitted,

By: \_\_\_\_\_

Patrick D. Crocker  
Early, Lennon, Peters & Crocker, P.C.  
900 Comerica Building  
Kalamazoo, MI 49007  
(616) 381-8844  
(616) 349-8525 - fax

VERIFICATION

VERIFICATION

Patrick D. Crocker, Attorney for ATLAS COMMUNICATIONS, LTD., first being duly sworn on oath, deposes and says that he has read the foregoing Application and verifies that the statements made therein are true and correct to the best of his knowledge, information, and belief.

By: \_\_\_\_\_  
Patrick D. Crocker

The foregoing instrument was acknowledged before me this 4th day of September, 1997  
by Patrick D. Crocker.

\_\_\_\_\_  
Notary Public: Linda D. Tetzloff  
For the County of St. Joseph, MI  
Acting in the County of Kalamazoo, MI  
My Commission Expires: 7-14-2001

Seal



**EXHIBIT A**



COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF STATE

AUGUST 24, 1995

TO ALL WHOM THESE PRESENTS SHALL COME, GREETING

ATLAS COMMUNICATIONS, LTD.

I, Yvette Kane, Secretary of the Commonwealth of Pennsylvania do hereby certify that the foregoing and annexed is a true and correct photocopy of Articles of Amendment

which appear of record in this department



IN TESTIMONY WHEREOF, I have hereunto set my hand and caused the Seal of the Secretary's Office to be affixed, the day and year above written

Secretary of the Commonwealth

DPOS

Microfilm Number \_\_\_\_\_  
Entry Number 2639165

Filed with the Department of State on \_\_\_\_\_  
Secretary of the Commonwealth Du

ARTICLES OF INCORPORATION  
DSCB:15-1306(Rev 89)

Indicate type of domestic corporation (check one):

- Business-stock (15 Pa. C.S. § 1306)  Professional (15 Pa. C.S. § 2903)
- Business-nonstock (15 Pa. C.S. § 2102)  Management (15 Pa. C.S. § 2701)
- Business-statutory close (15 Pa. C.S. § 2304a is applicable)  Cooperative (15 Pa. C.S. § 7701)

1. The name of the corporation is: ATLAS COMMUNICATIONS LTD.

This corporation is incorporated under the provisions of the Business Corporation Law of 1988.

2. The (a) address of this corporation's initial registered office in this Commonwealth or (b) commercial registered office provider and the county or venue is:

(a) 7877 OLD YORK RD. ELKINS PARK PA 19027 MONTGOMERY  
Number and Street City State Zip County

(b) N/A \_\_\_\_\_  
Name of Commercial Registered Office Provider County

For a corporation represented by a commercial registered office provider, the county in (b) shall be deemed the county in which the corporation is located for venue and official publication purposes.

3. The aggregate number of shares authorized is: 10,000 (other provisions, if any, attach 8 1/2 x 11 sheet)

4. The name and address, including street and number, if any, of each incorporator is:

Name Address Signature Date  
STEVEN M. ZELITCH 7837 OLD YORK RD. ELKINS PARK, PA 19027 [Signature] 2/23/95

5. The specific effective date, if any, is: N/A  
month day year hour, if any

6. Any additional provisions of the articles, if any, attach an 8 1/2 x 11 sheet.



PA CPT. OF STATE

MAY 25 1995

FEB- 4-97 TUE 9:39 AM CORP GUAR TR CO

FAX NO. 2155639410

F. 4

Article Number \_\_\_\_\_

Filed with the Department of State on JUN 19 1995

Entry Number 2627165

Secretary of the Commonwealth *AK*

ARTICLES OF AMENDMENT-DOMESTIC BUSINESS CORPORATION  
CS 15-1915 (Rev. 8/1)

In compliance with the requirements of 15 Pa.C.S. § 1515 (relating to articles of amendment) of the unconsolidated Business Corporation, desiring to amend its Articles, hereby states that:

1. The name of the corporation is: ATLAS COMMUNICATIONS, LTD.

2. The (a) address of the corporation's current registered office in the Commonwealth or (b) name of its commercial office provider and the county of venue is (the Department is hereby authorized to collect the following information to conform to the records of the Department):

(a) 7817 Old York Road Elkins Park PA 19027 Montgomery  
Number and Street City State County

(b) N/A  
Name of Commercial Registered Office Provider County

All a corporation represented by a registered registered office provider, the Secretary of State is not required to maintain the records of the corporation in which the corporation is organized for public and office publication purposes.

3. The statute by or under which it was incorporated is: Business Corporation Law of 1988

4. The date of its incorporation is: May 25, 1995

5. (Check, and if appropriate complete, one of the following):  
 The amendment shall be effective upon filing these Articles of Amendment in the Department of State  
The amendment shall be effective on \_\_\_\_\_ at \_\_\_\_\_  
Date Hour

6. (Check one of the following):  
 The amendment was accepted by the shareholders (or members) pursuant to 15 Pa.C.S. § 1514(a) and (b)  
The amendment was accepted by the board of directors pursuant to 15 Pa.C.S. § 1514(c)

7. (Check, and if appropriate complete, one of the following):  
The amendment adopted by the corporation, set forth in full in Exhibit A attached hereto and made a part hereof:

The amendment adopted by the corporation is set forth in full in Exhibit A attached hereto and made a part hereof.

PA DEPT. OF STATE  
JUN 19 1995

FEB- 4-97 TUE 9:40 AM CORP GUAR TR CO

FAX NO. 2155639410

F 5

CSCB 12-1912 (Rev. 8/1-7)

3. Check if the amendment restates the ARTICLES:

The restated ARTICLES of Incorporation substitute the original ARTICLES and all amendments thereto.

By TESTAMENTARY TRUSTEE, the undersigned a corporation has caused these ARTICLES of Amendment to be adopted by a duly authorized officer thereof this 14 day of June 1995.

ATLAS COMMUNICATIONS, LTD.

State of Corporation

BY:

Signature

President

EXHIBIT A

RESOLVED, That the Articles of Incorporation of this corporation be amended by changing Article 3 thereof so that, as amended, said Article 3 shall be and read as follows:

3. The aggregate number of shares authorized is Ten Thousand (10,000). The authorized shares shall be divided into One Thousand (1,000) shares of Class A common stock, no par value, and Nine Thousand (9,000) shares of Class B common stock, no par value. Class A common stock and Class B common stock shall have identical rights and powers, except that Class B common stock shall have no voting rights on any matter whatsoever, including the election of directors.

443-1186

JUN 30 1995

Microfilm Number \_\_\_\_\_

Filed with the Department of State on \_\_\_\_\_

Ersby Number 2639165

*[Signature]*  
Secretary of the Commonwealth

### STATEMENT OF CHANGE OF REGISTERED OFFICE

DDCB-15-1807(1-44)-107(91-44)8308 (Rev. 89)

Indicate type of ersby (check one):

Domestic Business Corporation (15 Pa.C.S. § 1507)

Foreign Nonprofit Corporation (15 Pa.C.S. § 5144)

Foreign Business Corporation (15 Pa.C.S. § 4144)

Domestic Limited Partnership (15 Pa.C.S. § 8506)

Domestic Nonprofit Corporation (15 Pa.C.S. § 5507)

In compliance with the requirements of the applicable provisions of 15 Pa.C.S. (relating to corporations and unincorporated associations) the undersigned corporation or limited partnership, desiring to effect a change of registered office, hereby states that:

1. The name of the corporation or limited partnership is: ATLAS COMMUNICATIONS, LTD.

2. The (a) address of this corporation's or limited partnership's current registered office in this Commonwealth or (b) name of its commercial registered office provider and the county of venue is: (the Department is hereby authorized to correct the following information to conform to the records of this Department):

(a) 7837 Old York Road Elkins Park PA 19027 Montgomery  
Number and Street City State Zip County

(b) c/o: \_\_\_\_\_  
Name of Commercial Registered Office Provider County

For a corporation or a limited partnership represented by a commercial registered office provider, the county in (b) shall be deemed the county in which the corporation or limited partnership is located for venue and official publication purposes.

3. (Complete part (a) or (b)):

(a) The address to which the registered office of the corporation or limited partnership in this Commonwealth is to be changed is:

482 H. Kristown Road, Suite 200 Blue Bell PA 19422 Montgomery  
Number and Street City State Zip County

(b) The registered office of the corporation or limited partnership shall be provided by:

c/o: \_\_\_\_\_  
Name of Commercial Registered Office Provider County

For a corporation or a limited partnership represented by a commercial registered office provider, the county in (b) shall be deemed the county in which the corporation or limited partnership is located for venue and official publication purposes.

MADE IN STATE

JUN 30 1995

DSCB 15-1207/4144/5507/5144/5508 (Rev 90) 2

4. (Strike out if a limited partnership) Such change was authorized by the Board of Directors of the corporation.

IN TESTIMONY WHEREOF, the undersigned corporation or limited partnership has caused this statement to be signed by a duly authorized officer this 25 day of June, 1997

ATLAS COMMUNICATIONS, LTD.  
\_\_\_\_\_  
Officer of Corporation/Limited Partnership  
S [Signature]  
(Signature)  
TITLE: PRESIDENT



**EXHIBIT B**

NOV 24 09 10E 3:13 PM NOV 24 09 10E 3:13 PM

# State of Florida



## Department of State

I certify from the records of this office that ATLAS COMMUNICATIONS, LTD., INC., is a corporation organized under the laws of Pennsylvania, authorized to transact business in the State of Florida, qualified on October 31, 1995.

The document number of this corporation is F95000005301.

I further certify that said corporation has paid all fees and penalties due this office through December 31, 1995, and its status is active.

I further certify that said corporation has not filed a Certificate of Withdrawal.

Given under my hand and the  
Great Seal of the State of Florida,  
at Tallahassee, the Capital, this the  
Thirty-first day of October, 1995



CR2EO22 (1-95)

A handwritten signature in cursive script, reading "Sandra B. Northam".

Sandra B. Northam  
Secretary of State

EXHIBIT C

ATLAS COMMUNICATIONS, LTD  
482 NORRISTOWN ROAD, SUITE 200  
BLUE BELL, PA. 19422

FEIN # 23-2810084

STATE OF INCORPORATION = PENNSYLVANIA  
DATE OF INCORPORATION = 6/25/95

## OFFICERS

NAME	TITLE	ADDRESS, CITY, STATE, ZIP CODE
Mark W. Kelly	CEO	482 Norristown Road Suite 200 Blue Bell, Pa. 19422
Neal Nodvin	COO	482 Norristown Road Suite 200 Blue Bell, Pa. 19422
John C. Fudesco	President	482 Norristown Road Suite 200 Blue Bell, Pa. 19422
Colleen Kasperak	Secretary	482 Norristown Road Suite 200 Blue Bell, Pa. 19422

**EXHIBIT D**

**EXHIBIT D**

**FINANCIAL STATEMENTS AND REPORT OF  
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

**ATLAS COMMUNICATIONS, LTD.**

**December 31, 1996 and 1995**

**Grant Thornton** 

GRANT THORNTON LLP

Accountants and  
Management Consultants

The U.S. Member Firm of  
Grant Thornton International

Report of Independent Certified Public Accountants

Board of Directors  
Atlas Communications, Ltd.

We have audited the accompanying balance sheets of Atlas Communications, Ltd. as of December 31, 1996 and 1995, and the related statements of operations and accumulated deficit, and cash flows for the year ended December 31, 1996 and for the period from May 25, 1995 (inception) to December 31, 1995. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Atlas Communications, Ltd. as of December 31, 1996 and 1995, and the results of its operations and its cash flows for the year ended December 31, 1996 and for the period from May 25, 1995 (inception) to December 31, 1995 in conformity with generally accepted accounting principles.



Philadelphia, Pennsylvania  
March 21, 1997



## BALANCE SHEETS

December 31,

ASSETS	<u>1996</u>	<u>1995</u>
<b>CURRENT ASSETS</b>		
Cash	\$ 4,324,214	\$ 160,295
Accounts receivable, less allowance of \$4,144,450 and \$19,951 in 1996 and 1995, respectively	11,681,967	610,935
Fee receivable - related party	1,736,400	86,400
Notes receivable	1,654,308	79,065
Prepaid expenses and other assets	<u>8,028</u>	<u>100</u>
<b>Total current assets</b>	<b>19,404,917</b>	<b>936,795</b>
<b>FIXED ASSETS - AT COST, net of accumulated depreciation and amortization of \$42,327 and \$7,323 in 1996 and 1995, respectively</b>	<b>424,410</b>	<b>157,088</b>
<b>OTHER ASSETS</b>		
Deposits	<u>7,169</u>	<u>1,553</u>
	<b>\$19,836,496</b>	<b>\$ 1,095,436</b>
<b>LIABILITIES AND STOCKHOLDER'S DEFICIENCY</b>		
<b>CURRENT LIABILITIES</b>		
Notes payable		
Related parties	\$ 383,367	\$ 735,252
Other	2,403,036	-
Accounts payable		
Carrier - related party	14,700,955	445,172
Agents and other	3,148,809	108,954
Trade	45,320	-
Sales and excise taxes	371,178	9,281
Accrued payroll and related taxes	773,803	146,883
Accrued interest	108,799	20,131
Accrued state taxes	25,000	-
Deferred revenue	632,053	-
Other accrued liabilities	<u>413,875</u>	<u>105,808</u>
<b>Total current liabilities</b>	<b>23,006,195</b>	<b>1,571,481</b>
<b>STOCKHOLDER'S DEFICIENCY</b>		
Common stock, no par value, 10,000 shares authorized, 1,000 shares issued and outstanding	-	-
Additional paid-in capital	10,000	10,000
Accumulated deficit	<u>(2,179,699)</u>	<u>(486,045)</u>
<b>Total stockholder's deficiency</b>	<b>(3,169,699)</b>	<b>(476,045)</b>
	<b>\$19,836,496</b>	<b>\$ 1,095,436</b>

The accompanying notes are an integral part of these statements.

## Atlas Communications, Ltd.

## STATEMENTS OF OPERATIONS AND ACCUMULATED DEFICIT

	Year ended December 31, <u>1996</u>	Period from May 25, 1995 (inception) to December 31, <u>1995</u>
Revenues	\$43,187,422	\$ 866,568
Cost of revenue		
Billing service	3,284,844	13,762
Carrier costs - related party	30,851,050	479,126
Carrier costs - other	1,125,875	-
Commissions	2,843,640	113,723
Other	<u>138,662</u>	<u>561</u>
	<u>38,244,071</u>	<u>607,172</u>
Gross profit	<u>4,943,351</u>	<u>259,396</u>
Operating expenses		
Payroll and related benefits	1,470,096	375,681
Advertising and marketing	204,635	5,085
Professional and consulting fees	666,854	99,350
Commissions	190,245	-
Customer service	90,969	32,012
Taxes	36,429	313
Office	287,964	74,795
Bad debts	4,271,447	19,951
Interest	199,540	20,131
Travel and entertainment	115,096	75,631
Depreciation and amortization	35,004	7,323
Rent and utilities	127,099	49,066
Communications	<u>105,248</u>	<u>17,612</u>
Total operating expenses	<u>7,750,626</u>	<u>776,950</u>
Loss from operations before other income	(2,807,275)	(517,554)
Other income	<u>113,621</u>	<u>31,509</u>
NET LOSS	(2,693,654)	(486,045)
Accumulated deficit at beginning of period	<u>(486,045)</u>	<u>-</u>
Accumulated deficit at end of period	\$ (3,179,699)	\$ (486,045)

The accompanying notes are an integral part of these statements.

Atlas Communications, Ltd.  
STATEMENTS OF CASH FLOWS

	Year ended December 31, <u>1996</u>	Period from May 25, 1995 (inception) to December 31, <u>1995</u>
<b>Cash flows from operating activities</b>		
Net loss	\$ (2,693,654)	\$ (486,045)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities		
Depreciation and amortization	35,004	7,323
Provision for bad debts	4,221,447	19,951
Increase in assets and liabilities		
Accounts receivable	(15,292,479)	(630,886)
Fee receivable - related party	(1,650,000)	(86,400)
Prepaid expenses and other assets	(7,928)	(100)
Deposits	(5,616)	(1,553)
Accounts payable	17,702,855	563,407
Accrued payroll and related taxes	626,920	146,883
Accrued interest	88,668	20,131
Deferred revenue	632,053	-
Other accrued liabilities	<u>333,067</u>	<u>105,808</u>
Net cash provided by (used in) operating activities	<u>3,990,337</u>	<u>(341,481)</u>
<b>Cash flows from investing activities</b>		
Purchases of furniture and equipment	(302,326)	(164,411)
Notes receivable - related parties	<u>(1,575,243)</u>	<u>(79,065)</u>
Net cash used in investing activities	<u>(1,877,569)</u>	<u>(243,476)</u>
<b>Cash flows from financing activities</b>		
Proceeds from notes payable	2,403,036	748,341
Repayment of notes payable	(351,885)	(13,089)
Contribution of capital	<u>-</u>	<u>10,000</u>
Net cash provided by financing activities	<u>2,051,151</u>	<u>745,252</u>
<b>NET INCREASE IN CASH</b>	<b>4,163,919</b>	<b>160,295</b>
Cash at beginning of period	<u>160,295</u>	<u>-</u>
Cash at end of period	<b>\$ 4,324,214</b>	<b>\$ 160,295</b>
<b>Supplemental disclosure of cash flow information</b>		
Cash paid during the period for interest	<u>\$ 26,428</u>	<u>\$ 55,500</u>

The accompanying notes are an integral part of these statements.

## NOTES TO FINANCIAL STATEMENTS

December 31, 1996 and 1995

## NOTE A - NATURE OF ACTIVITY

Atlas Communications, Ltd. (the Company) is a wholly-owned subsidiary of Com-Partners, Ltd. The Company is a provider of long-distance services to small and medium-sized commercial and residential customers located throughout the United States. The Company provides these services primarily through contract tariffs with a national carrier which are licensed by an affiliated organization. The Company markets these services nationally through an established network of independent long-distance and marketing companies known as agents.

## NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Recognition of Revenue

The Company recognizes revenues upon completion of telephone calls by end users. Allowances are provided for estimated uncollectible usage.

2. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The principal estimate that is particularly susceptible to changes in the near term relates to the allowance for doubtful accounts. In connection with this estimate, when circumstances warrant, management reevaluates this estimate and refers accounts to attorneys. However, future legal proceedings and the economy could affect the Company's allowance for doubtful accounts.

3. Furniture and Equipment, and Leasehold Improvements

Furniture and equipment are recorded at cost. Major renewals and betterments are capitalized. Ordinary maintenance and repairs, which do not extend the life of the respective assets, are expensed currently. Upon sale or retirement, the costs of the asset and the related accumulated depreciation are removed from the accounts and the resulting gain or loss, if any, is included in income.

Depreciation and amortization are provided on accelerated methods over the estimated useful lives of the various assets as follows:

Furniture and equipment	5-7 years
Leasehold improvements	7 years
Software	5 years

(Continued)

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 1996 and 1995

## NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

4. Advertising Costs

Advertising costs are expensed as incurred.

5. Income Taxes

On May 25, 1995, the Company was incorporated as a Subchapter "S" Corporation for federal income tax purposes. On September 15, 1995, the Company underwent a reorganization in which all the outstanding common stock was transferred to a sole shareholder, Com-Partners, Ltd., and the Company became a "C" Corporation. Accordingly, federal income taxes on net earnings prior to September 15, 1995 are payable personally by the former shareholders of the Company.

6. Reclassifications

Certain reclassifications have been made to the 1995 financial statements to conform to the 1996 presentation.

## NOTE C - CONCENTRATION OF CREDIT RISK

The Company maintains its cash balances in one financial institution. These balances are insured by the Federal Deposit Insurance Corporation up to \$100,000. At December 31, 1996, the uninsured balances approximated \$3,943,000.

## NOTE D - NOTES RECEIVABLE

Notes receivable consist of the following:

	<u>1996</u>	<u>1995</u>
Notes receivable from employees, which bear interest between 6% and 10% and are due on demand	\$ 210,926	\$ 55,000
Notes receivables from agents, which bear interest between 10% and 12% and are due on demand	1,413,075	20,703
Interest receivable	<u>30,307</u>	<u>3,362</u>
	<u>\$ 1,654,308</u>	<u>\$ 79,065</u>

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 1996 and 1995

## NOTE E - FIXED ASSETS

Fixed assets consist of the following:

	<u>1996</u>	<u>1995</u>
Furniture and equipment	\$ 365,432	\$ 112,093
Leasehold improvements	56,568	16,846
Software	21,517	21,517
Artwork	<u>23,220</u>	<u>13,955</u>
	466,737	164,411
Less accumulated depreciation and amortization	<u>42,327</u>	<u>7,323</u>
	<u>\$ 424,410</u>	<u>\$ 157,088</u>

## NOTE F - NOTES PAYABLE - RELATED PARTIES

Notes payable - related parties consist of the following:

	<u>1996</u>	<u>1995</u>
Note payable to parent, which bears interest at 1% over the prime rate and is due on demand	\$ 47,415	\$ 100,000
Note payable to an affiliate, which bears interest at 1% over the prime rate and is due on demand	<u>335,952</u>	<u>635,252</u>
	<u>\$ 383,367</u>	<u>\$ 735,252</u>

## NOTE G - NOTES PAYABLE - OTHER

Notes payable - other consists of advances from two service bureaus. The advances, in the amounts of \$1,040,058 and \$1,362,978, bear interest at the prime rate plus 2% and are secured by future accounts receivable collections.

## NOTE H - DEFERRED TAXES

Deferred tax assets and liabilities consist of the following:

	<u>1996</u>	<u>1995</u>
Deferred tax assets		
Allowance for doubtful accounts	\$ 4,144,000	\$ 7,781
Start-up costs (net of amortization)	169,000	112,291
Deferred compensation	708,000	56,550
Interest expense	89,000	-
Investment loss	50,000	-
Net operating loss	<u>430,000</u>	<u>8,194</u>
	5,590,000	184,816
Less valuation allowance	<u>5,590,000</u>	<u>184,816</u>
	<u>\$ -</u>	<u>\$ -</u>

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 1996 and 1995

## NOTE I - RELATED PARTY TRANSACTIONS

An affiliate of the Company has contract tariffs with a national carrier to provide long-distance services. The affiliate has granted the Company exclusive marketing rights to these tariffs in exchange for a 5% fee on the charges incurred under a national carrier contract. The contract contains minimum commitment levels, and the affiliate is assessed a surcharge for not meeting these commitments. Under the marketing agreement, the Company must reimburse the affiliate for any surcharges incurred. No surcharges were incurred in 1996.

Under the marketing agreement, the Company will be reimbursed by the affiliate for direct costs related to marketing the long-distance services. In 1996, these costs amounted to \$1,650,000.

## NOTE J - COMMITMENTS

The Company leases office space and office equipment under operating leases with terms expiring from 1998 to 2001. The lease for the office space contains two renewal options for two years each and annual rent increases based on increases in the Consumer Price Index.

The following is a schedule by years of minimum rental payments under operating leases with a remaining term of one year or more:

Year ending December 31.

1997	\$ 175,632
1998	172,587
1999	170,412
2000	170,412
2001	<u>156,211</u>
	\$ <u>845,254</u>

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NICOLETTE G. HAHN\*\*  
ROBERT G. LENNON\*\*\*

\*Also admitted in Iowa.  
\*\*Also admitted in California and North Carolina.  
\*\*\* Also admitted in New York, Illinois, and Washington, D.C.

DEPOSIT DATE  
D622<sup>ms</sup> SEP 24 1997  
OF COUNSEL  
VINCENT T. EARLY  
HON. C.H. MULLEN  
THOMPSON BENNETT  
JOSEPH J. BURKIE  
(1928 - 1992)

September 22, 1997

Mr. Walter D'Haeseleer  
Director, Division of Communications  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0688

971239-TX

Re: ATLAS COMMUNICATIONS, LTD.

Dear Mr. D'Haeseleer:

Enclosed herewith for filing with the Commission, please find an original and 6 (six) copies of the above captioned corporation's APPLICATION FOR AUTHORITY TO PROVIDE LOCAL TELECOMMUNICATIONS SERVICES STATEWIDE, along with a check in the amount of \$250.00 to cover filing fees relating to same.

Also enclosed is an exact duplicate of this letter. Please stamp the duplicate received and return same in the self-addressed stamped envelope attached thereto.

Please contact me if you have additional questions or concerns.

Very truly yours,

97  
SEP 24  
MAIL

EARLY, LENNON, PETERS  
& CROCKER, P.C.  
ATTORNEYS AT LAW  
900 COMERICA BLDG.  
KALAMAZOO, MI 49007-4752

21218

DATE 9-22-97

PAY TO THE ORDER OF Florida Public Service Commission

\$ 250.00

Two Hundred Fifty <sup>ms</sup>

DOLLARS



Comerica Bank  
Kalamazoo, Michigan

(ALEC cert.)

FOR Atlas Communications, Ltd.